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BIMONTHLY SALES TAX DEPOSIT REQUIREMENTS

Year 2017 Issue #5

As you may recall from our Tax Alert Issue #4 (TA#4) last week, Act #46 ("Act 46-2017") established that certain taxpayers are now required to deposit the sales tax collected twice a month (bimonthly). On Friday July 28, 2017, the Puerto Rico Treasury Department ("PRTD") issued Administrative Determination #17-07 (AD #17-07) in order to provide guidance related to these new requirements.

I. Applicability of the bimonthly deposit requirement

AD #17-07 states that the bimonthly deposit requirements will only be applicable to the *sales tax* and not the *use tax*. Also, the bimonthly requirement will not apply to the municipal portion of the sales tax, therefore, the municipal sales and use tax filings and payment requirements have not changed¹.

II. Taxpayers subject to bimonthly sales tax deposits

Act #46-2017 established that the bimonthly deposit requirement applies to large taxpayers (described in TA#4) and taxpayers whose average monthly sales tax deposited during the previous year exceeds \$2,000. AD #17-07 states that the \$2,000 deposit criteria will be evaluated considering the taxable sales reported by a merchant for the previous calendar year (in this case 2016) as follows:

- In the case of taxpayers dedicated exclusively to the sale of services between merchants or professional designated services subject to the 4% sales tax, if the taxable sales reported in year 2016 exceeded \$600,000 then the merchant will be subject to the bimonthly deposit requirements.
- In the case of taxpayers that sell tangible personal property or provide services subject to the 10.5% sales tax, if the taxable sales reported in year 2016 exceeded \$228,600 then the merchant will be subject to the bimonthly deposit requirements.

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¹In accordance with PRTD Administrative Determination #17-04, starting on August 1, 2017, the 1% municipal portion of the Use Tax applicable to goods imported for consumption in Puerto Rico will be paid directly to the PRTD through SURI.



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III. Evaluation period for deposit requirement

AD 17-07 states that the PRTD will evaluate the taxpayer's requirement to submit bimonthly payments based on the sales reported in Sales & Use Tax Returns for the previous calendar year and if the taxpayer is required to make bimonthly sales tax deposits, they will be required to do so for the rest of the calendar year, regardless of a decrease in sales.

IV. Method for completing the bimonthly payments

AD #17-07 states that the bimonthly deposits can only be completed electronically through the SURI platform by completing the following steps:

1. Login to SURI
2. Choose the account "Sales and Use"
3. In the "Account Alerts" section, choose to make a deposit for the period
4. Choose the payment method
5. Complete the information that is requested and confirm that the payment type chosen is "return payment"
6. After the steps above are completed, the website will issue confirmation information for your records.

V. Effective date for the requirement to make bimonthly payments

AD 17-07 states that the bimonthly deposit requirement will commence in August for large taxpayers and in September for taxpayers whose average monthly sales tax deposit exceeds \$2,000. Therefore, the first bimonthly deposit will be in August 15 for large taxpayers and in September 15 for taxpayers with average monthly sales tax deposit of \$2,000 or more.

At RSM Puerto Rico we are ready to help you with these matters. If you have any questions or comments related to the content of this Tax Alert, please feel free to contact your Tax Advisor at RSM Puerto Rico.